

Message Text

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ACTION IO-14

INFO OCT-01 EA-11 ISO-00 DEAE-00 CIAE-00 INR-10 JUSE-00

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TO SECSTATE WASHDC 6389

INFO USMISSION GENEVA

AMCONSUL CHIANG MAI

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E.O. 11652: N/A

TAGS: SNAR, TH

SUBJECT: UN CROP SUBSTITUTION PROJECT IN THAILAND

REF: A. GENEVA 4538; BA. STATE 166479; C. BANGKOK 13059

1. LOCAL UNFDAC PROJECT DIRECTOR IAN WILLIAMS TOLD THE DCM SEPTEMBER 6 THAT HIS HEADQUARTERS HAS AGREED TO UNDERWRITE MARKETING OF ALTERNATE CROPS PRODUCED BY VILLAGERS ONLY IN THE 30 VILLAGES THE UN PROJECT COVERS. NO REPEAT NO ARRANGEMENTS HAVE BEEN MADE BY THE UN TO COVER THE REMAINING MORE THAN 900 VILLAGES, APPROXIMATELY 65 OF WHICH ARE COVERED, AS FAR AS PRODUCTION IS CONCERNED, BY THE KING'S HILL TRIBE PROJECT WHICH MAKES NO ARRANGEMENT REGARDING MARKETING.

2. WILLIAMS REPORTED THAT THE UN PROJECT IS GOING EXTREMELY WELL. THE VILLAGERS IN THE 30 VILLAGES COVERED BY THE UN ASK WHAT THEY SHOULD GROW IN PLACE OF OPIUM AND PROMISE TO FOLLOW WHATEVER ADVICE THE UN GIVES. WILLIAMS BELIEVES--AND WE FULLY AGREE--THAT IT IS ESSENTIAL TO SUPPORT THESE EFFORTS AND TO ARRANGE IMMEDIATELY BY ONE MEANS OR ANOTHER APPROPRIATE MARKETING ARRANGEMENTS TO

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COVER ALL VILLAGES.

3. ACCORDING TO WILLIAMS, THE UN IS RELUCTANT TO SET UP A MARKETING MECHANISM WHICH MIGHT COMPETE WITH PRIVATE TRADERS. ALTHOUGH THIS IS A VALID POSITION, THE REALITIES OF THE MOMENT PRECLUDE A PRIVATE TRADER COMMITMENT IN TIME TO GUARANTEE MARKETS TO HILL-TRIBE CROP PRODUCERS BEFORE THIS YEAR'S PLANTING BEGINS. EITHER OPIUM OR BEANS WILL BE PLANTED WITHIN THREE WEEKS.

4. IT IS ESSENTIAL THAT A MECHANISM GUARANTEEING INCOME TO HILL-TRIBE PEOPLE PLANTING ALTERNATE CROPS BE FUNCTIONAL THIS GROWING SEASON, EVEN IF IT IS A SHORT-TERM EXPEDIENT. WE RECOMMEND THAT THE DEPARTMENT INSTRUCT THE US MISSION AT GENEVA TO MAKE THE FOLLOWING PROPOSAL TO UNFDAC:

(A) UNFDAC HEADQUARTERS WILL PROVIDE \$100,000 STANDBY FUNDING TO PURCHASE HILLTRIBE AGRICULTURAL COMMODITIES (EXCLUDING OPIUM) AND TO GUARANTEE AN INCOME TO THE HILLTRIBES IN THE CASE OF A CROP FAILURE.

(B) PRIOR TO RELEASE OF THESE FUNDS, UNFDAC/THAILAND WILL MAKE AN OFFICIAL PROPOSAL TO THE RTG PUBLIC WAREHOUSE ORGANIZATION (PWO) REQUESTING THAT THE PWO MARKET THE BEANS, WITH UNFDAC ABSORBING ANY POTENTIAL LOSS INCURRED IN THIS ACTIVITY. (THE MISSION ESTIMATES A DEFICIT OF \$12,000 TO \$18,000 BASED ON LAST YEAR'S PURCHASE PRICE OF BEANS AND CURRENT MARKET PRICES, AS WELL AS HANDLING AND TRANSPORT.)

5. THE ABOVE PROPOSAL WILL PROVIDE A GUARANTEED MARKET FOR HILLTRIBES, AS WELL AS PROVIDE AN OPPORTUNITY TO EXPLOIT OTHER MARKETING MECHANISMS.

6. WILLIAMS IS PRESENTLY MAKING INQUIRIES AT VARIOUS EMBASSIES AND WITHIN THE RTG TO ASSESS INTEREST IN HILLTRIBE PRODUCE PRIOR TO HIS SEPTEMBER 9 DEPARTURE FOR GENEVA ON CONSULTATION. WE ARE NOT OPTIMISTIC THAT THESE INFORMAL APPROACHES WILL YIELD REAL RESULTS AND HEANCE ARE PRESENTING THE PROPOSITION IN PARA 4. THE ESSENTIAL THING IS TO WORK OUT THIS GUARANTEE MECHANISM NOW, SO THAT THE VILLAGERS CAN BE ASSURED, AS THEY ENTER THE PLANTING SEASON, THAT THEY WILL BE ABLE TO MARKET THEIR BEANS, SESAME, CHILLIES, AND OTHER LEGITIMATE CROPS.

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7. ACTION REQUESTED: IT IS IMPORTANT THAT WE PROTECT WILLIAMS WITH HIS HEADQUARTERS AS BEING THE SOURCE OF MUCH OF THE ABOVE INFORMATION. AT THE SAME TIME, WE BELIEVE A WELL-TIMED USG INITIATIVE IN GENEVA EARLY NEXT WEEK WOULD REINFORCE WILLIAMS' OWN EFFORTS TO RESOLVE THIS LONG-STANDING PROBLEM. WE THEREFORE REQUEST THAT THE DEPARTMENT AUTHORIZE US MISSION GENEVA TO APPROACH UNFDAC HEADQUARTERS WITH URGENT REQUEST TO SET ASIDE IMMEDIATELY \$100,000

TO GUARANTEE THE PURCHASE OF ALL SUBSTITUTE CROPS GROWN BY THAI
HILLTRIBE VILLAGES THIS YEAR.
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